

CHAPTER 5

ACCOUNTING FOR EXPENDITURES

INTRODUCTION

This chapter includes instructions for processing matched payments and claim voucher payments. Requirements for the use of each payment method are given with sample forms and instructions. The voucher abstract form, used to transmit batches of claim vouchers and travel vouchers, is also presented. Control procedures are given to ensure properly authorized and accurate agency transactions. The process to replace a lost or stolen warrant is explained.

The state accounting system contains a vendor file which includes vendor number records with associated names and addresses. Use of vendor numbers for claim payments is explained.

Reports issued from the centralized accounting system that include expenditures are the Warrant Distribution Report, Agency Available Funds Activity Report, and the Agency Appropriation and Allotment Trial Balance. The Warrant Distribution Report is produced on paper and given to agencies with the processed expense documents and the warrants issued for claim payments. The report is also available on Alchemy. Agency expenditure transactions are listed on the Agency Available Funds Activity Report for the fund/center. Totals given on the Activity Report are totals of the listed transactions only. Fiscal year-to-date total expenditures are provided on the Agency Appropriation and Allotment Trial Balance Report. The Activity and Trial Balance Reports are issued on Alchemy. Information shown on each report is explained with examples presented. Agency procedures to verify reported expenditures are presented as well.

The chapter begins with an overview of the expenditure process, basic payment provisions, and expenditure objects. A complete list of the expenditure objects is included in an appendix of this manual.

OVERVIEW OF EXPENDITURE PROCESS

State agencies, offices or departments incur expenditure obligations through performing statutory duties and by procuring necessary goods or services. When goods or services are received, or other payment obligations are due, an authorized agency official approves payments or certifies that each claim is correct, valid, and a proper charge against the state agency and fund/center. The official may certify a total batch of some types of claims. The approved or certified expense documents, or batch media, are submitted to the Auditor of State. The Auditor's staff performs preaudit procedures to ensure accuracy, authority, and available funds for the fund/object/center, prior to approving issuance of payment. "All warrants for the payment of public funds of the state are drawn by the Auditor of State on the Treasurer of State." [IC 5-13-5-3] Agency expenditures are recorded on the state accounting system when warrants or electronic transfers are issued by the Auditor of State.

The agency shares the responsibility for recording and submitting prepared documents as input to the Auditor of State accounting system. Transactions should be properly classified as to the fund/object/center. The agency should apply control procedures to ensure properly authorized and accurate transactions. For claim payments, the correct vendor number must be listed. Required documents should be submitted in a timely manner. After processing by the Auditor of State, the agency verifies the accuracy of the warrant or electronic transfers and the expenditure recorded.

Two basic expenditure documents are used by the State of Indiana to issue payments, (other than those issued to employees for payroll, travel, or SDO reimbursement). These are the Matched Payment for Purchase Order and the Claim Voucher. For the matched payment of a purchase order, the Auditor of State's office matches the encumbered purchase order to the agency receiving report and vendor invoice. When the three documents agree, the payment is issued and the warrant or remittance advice is mailed directly to the vendor. Claim vouchers are used for grant payments or vendor payments which do not require encumbrance. The agency records the fund/object/center entries for the payee and certifies the claim. Vendor claims always require an itemized vendor invoice. Claim vouchers are submitted in batches, summarized on voucher abstracts. State warrants or electronic transfers issued for claims are given to the agency to verify and distribute.

The document reference for each of these payment methods is recorded as follows:

MXXXXXXXX	Matched Payment of Purchase Order	
	XXXXXXXX	Vendor invoice number as entered by the Auditor's office.
C###XXXXXX	Claim Voucher	
	###	Agency Number
	XXXXXX	Agency Assigned Document Number

The claim voucher and voucher abstract are also used to certify batch payment requests submitted by agencies on a computer disk using the Auditor's Audclaim system. These payment methods are described in the Claim Voucher section of this chapter. Instructions are given in Chapter 14, Payments from Computer Media.

PAYEE ON WARRANTS AND ELECTRONIC TRANSFERS

All warrants and electronic transfers are made payable to the vendor or claimant. In no instance can the Auditor issue a warrant or electronic transfer payable to an officer or agency for payment of several claims (where the officer is to distribute or pay to the several claimants the amount due) except in the case of special disbursement officers. [IC 4-13-2-7 (a) (2)] Special disbursing officers have received authority to procure and pay for items or services up to a specified dollar amount. Chapter seven explains special disbursing officer funds.

ADVANCE PAYMENTS PROHIBITED

Payments cannot be made in advance of the receipt of the services, supplies, materials, or equipment. The types of advance payments which may be allowed, with Budget Agency approval, are specified in IC 4-13-2-20. Examples of commonly allowed advance payments are: dues and subscriptions, license fees, utility connection charges, insurance premiums, and grants of state funds authorized by statute. For provisions related to advance funding of federal grant programs, as well as other allowable advance payments see IC 4-13-2-20 (a) and (b).

ITEMIZATION REQUIRED FOR DISBURSEMENT

All state disbursements are required by law to be fully itemized. IC 4-10-11-1 states that vouchers shall not be approved by any officer or officers authorized to approve the same, unless so itemized, and when vouchers are presented to the Auditor of State, they shall be accompanied by said itemized accounts and statements. Other state statutes requiring fully itemized state payments include the following:

IC 5-11-10-1	Disbursements on itemized claims only.
IC 4-10-12-1	Vouchers must show expenditure is for purpose appropriated.

Information necessary to sufficiently itemize payments ranges from listing a program title and period for a grant distribution to providing unit costs, quantity, and description for each item or service received. If reference is made to a vendor invoice, statement or bill it should be attached. Blank or incomplete claims should never be signed.

USE OF PUBLIC FUNDS

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Additionally alcoholic beverages are not allowed to be purchased with public funds. Any personal expenses paid by the governmental unit may become the personal obligation of the responsible official or employee.

Any compensation, premium, bonus, or product earned as a result of the purchase of goods or services by the governmental unit becomes the property of the governmental unit.

PENALTIES, INTEREST AND OTHER CHARGES

Officials and employees have the duty to pay claims, remit taxes, etc., in a timely fashion. Any penalties, interest or other charges paid by the governmental unit may be the obligation of the responsible official or employee.

DUPLICATE OR OVERPAYMENT COLLECTION

Governmental units are responsible for collecting any overpayment or duplicate payments made. Repayment should be sought immediately once an overpayment has been identified.

DUES AND SUBSCRIPTIONS

Dues and subscriptions paid from public funds should be for institutional memberships; i.e., in the name of the state agency, not an individual's name.

LONG DISTANCE TELEPHONE CALLS

Personal long distance calls are not allowed to be charged to the state or placed over the state telephone network. Such calls should be charged to the employee's home phone, personal calling card, or placed collect.

Agencies should review monthly billings from Telecommunications for indication of charges for personal calls. If an agency discovers that personal calls have been placed, reimbursement must be sought for the charges incurred and the employee should be instructed not to charge additional long distance calls on the state network.

CELLULAR PHONES

Cellular phone service, which is paid for with public funds, is for the sole benefit of the state agency. Personal calls, whether local or long distance, should not be made on a cellular phone.

Agencies should monitor the use of cellular phones to ensure that they are not paying for air time that

is not needed. Agencies should review service provider's plans and determine if there may be a more cost efficient plan based on the actual use of the phone service.

DEBIT CARDS

Debit cards may be used by an agency in connection with their SDO accounts. See Chapter 7 for provisions regarding the use of debit cards. Credit card may not be utilized without the authorization of the Department of Administration.

SALES TAX

State agencies are exempt from paying sales tax if the purchase is to carry out a primary governmental function. However, if a state employee purchases an item, even if the employee is to be reimbursed by the agency, the purchase is not exempt, and the employee must pay sales tax at the time of purchase.

EXPENDITURE OBJECT

Expenditure Object Structure

Object codes used to classify and record expenditure transactions begin with a 5. The second digit of the object is the major category, or point, of expenditure. Object details (third through fifth digits) are defined for each expense category. It associates a specific description to the expense. An example is 520300 is used for utilities and 520400 is freight and expense charges. A complete object list is provided in an appendix in this manual. For most expenditure transactions, the last digit of the object will be a zero. A "1" as the last digit indicates a transfer. Expenditure transfer transactions are recorded from interdepartment bills or, under certain circumstances, from journal voucher entries.

The structure of the expenditure object is illustrated on page 5:6.

Expenditure Categories Defined

EXPENDITURE CATEGORIES

<u>POINT</u>	<u>DESCRIPTION</u>
1	Personal Services
2	Services Other than Personal
3	Services by Contract
4	Supplies, Materials, and Parts
5	Equipment
6	Lands and Structures
7	Grants, Subsidies, Refunds, and Awards
8	In-State Travel
9	Out-of-State Travel

Personal Services includes payments for salaries and wages to officers and employees of the state (either regular or temporary), the employer's share of social security, health insurance, life insurance and retirement fund contributions, payments for compensation awards, and special payments for expert service. It also includes salary per diem paid to commission and board members.

Services Other than Personal are those non-expert services which generally do not require a formal

contract. Point two objects include utilities, subscriptions, lockbox or post box rental, and U.S. government document fees, to name a few.

Most services are classified as point three, Services by Contract. These include lease and maintenance contracts, consultants, printing and repairs. Most point three disbursements require a written contract or purchase order.

Point four, Supplies, Materials, and Parts, are those products and commodities received by the state. Detail objects include stationery, office supplies, fuel, and food for institutions.

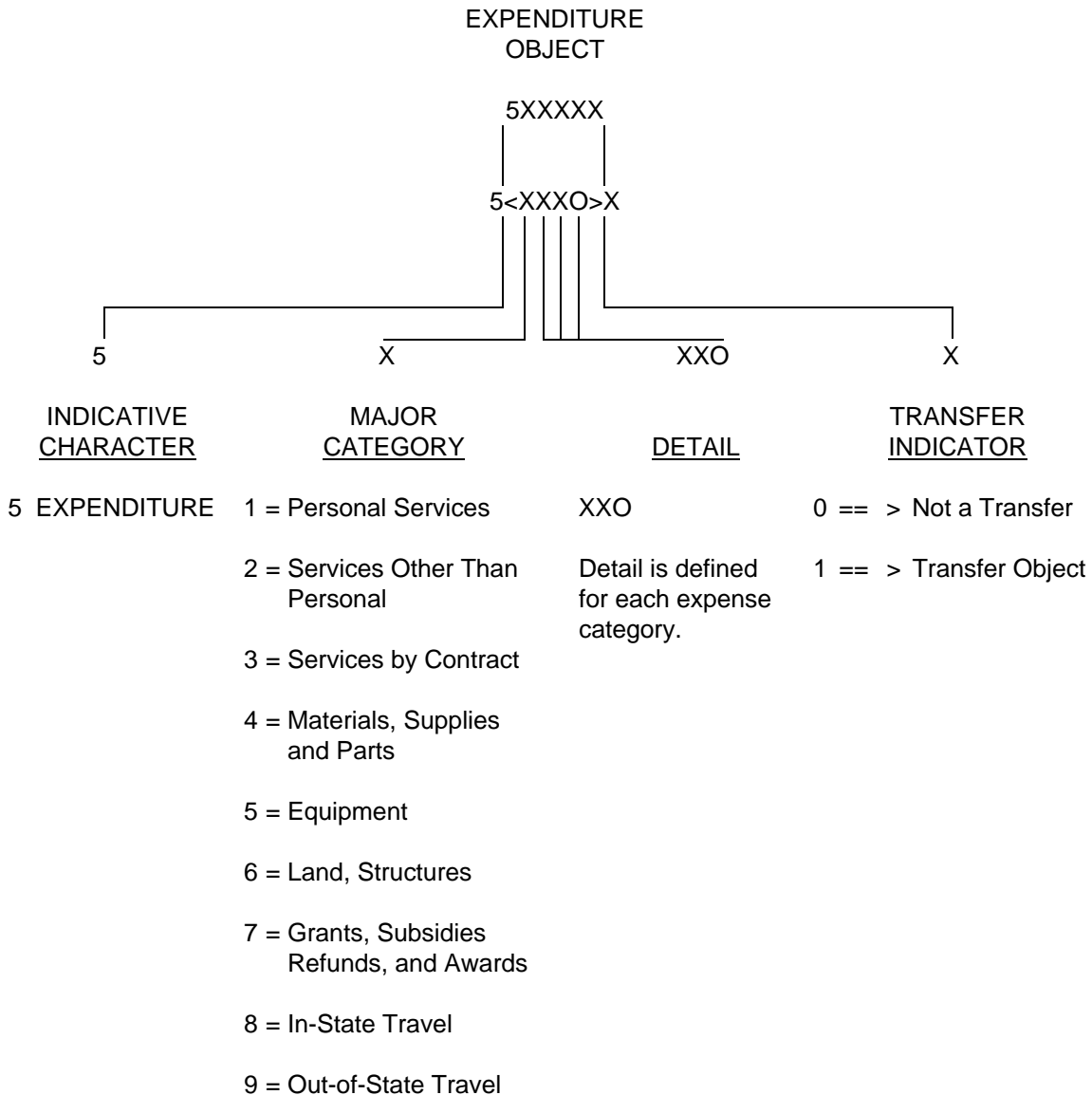
Equipment includes payments for machinery, implements, tools, furniture, furnishings, vehicles, and other articles that have a period of service for more than a year.

Land and Structures, point six, is used to record public works, transportation, and capital improvement projects. It includes object detail for buildings or highway construction, improvements and related consulting contracts.

Grants, Subsidies, Refunds, and Awards includes: Payments direct to, or made on behalf of, state or federal program recipients; distributions of funds for local governmental units; tax refunds; judgments/settlements; and costs of certain services for inmates or wards of the state. Agency records support calculations and determinations of the grants, distributions, or benefits provided from state or federal laws and program requirements.

The costs incurred for traveling on state business are recorded as point eight for in-state destinations and point nine for out-of-state destinations. Detail for travel expense is provided in Chapter 11.

STATE OF INDIANA ACCOUNT STRUCTURE DETAIL



NOTE: See the Object Listing in the Appendix section of this manual for complete object detail descriptions.

Relationship to Other Objects

Expenditure objects correspond to the budget objects for allotment and encumbrance. Encumbrances use the same object as the expenditure except that the first digit is an eight instead of five. This provides the entries for the purchase order and matched payments. Allotments are recorded using the same object categories, or points, one through nine. Available funds for each expense category can then be calculated and reported on the Agency Appropriation and Allotment Trial Balance Report. The Trial Balance lists the year-to-date totals of appropriations, appropriation balance, allotments, expenditures, encumbrances, and the allotment balance for each center.

MATCHED PAYMENT OF A PURCHASE ORDER

Purchase orders are issued by the Department of Administration for goods or services to be provided to an agency within a fiscal year. Purchase orders are required for most vendor contracts to record an encumbrance and matched payments. Most purchase orders are issued for expenditure categories three through six. Purchase orders are issued based upon agency requisitions, written state contracts, or procurement documents. The Department of Transportation issues its own series of purchase orders.

For a matched payment, the agency must compare, or "match", the vendor invoice to the encumbered state purchase order to the receiving report. Upon determination that these documents agree, the receiving report and vendor's invoice are forwarded to the Auditor of State. The payment is issued and the state warrant or remittance advice is mailed directly to the vendor. An expenditure is recorded for the matched payment and the purchase order encumbrance balance is reduced.

Matched Payment Process

The agency receives one copy of the purchase order upon encumbrance by the Auditor of State, the BLUE copy, on which the agency maintains a record of partial payments. The ORANGE copy, used as the agency receiving report, is sent to the agency by the Department of Administration when they send the white, yellow and blue copies to the Auditor of State's office. For multi-page purchase orders, the agency also receives blue and orange copies of each continuation form page issued.

The agency completes a receiving report after the goods or services are received or when a monthly contract payment is due. If an entire order is received or it is the final delivery, complete the orange copy of the purchase order entering the quantity, date received, amount to be paid and the 1099 reportable code. Complete the INVOICE INFORMATION box by marking the applicable boxes and recording the appropriate dates. This will determine if the Auditor will include interest for late payment. Include all orange copy continuation pages. For a partial delivery or payment, complete a Report of Partial Delivery, state form 12537. The employee with the direct knowledge of the receipt of the goods or services certifies the receiving report. Agency procedures to approve the payment are applied as explained in the following section. The authorized agency official signs the receiving report to approve payment. Send the original receiving report along with the original vendor's invoice to the Auditor's office for a matched payment. INDOT and Public Works purchase orders require the originals and one photocopy of both the receiving report and the vendor's invoice. Make a photocopy of the purchase order and vendor invoice for your files after the document has been approved by the delegated official.

Vendors have been instructed to send their invoice, bill or statement, with the purchase order number, directly to the state agency they have conducted business with. The date received is to be stamped on the vendor's invoice, bill, or statement. The state invoice voucher form is only required for Public Works purchase orders.

If a sufficient balance remains on the purchase order, then the matched payment is entered into the state accounting system. The vendor invoice number is entered as the matched payment document number. When an order is completed by filing the orange receiver, any remaining purchase order balance is also liquidated, or cancelled. The four digit control number and date are stamped on the receiving report and its copy. The original receiving report and vendor invoice are stapled together and filed at the Auditor of State's office. Purchase order payments are listed on the Warrant Distribution Report under the pay entity code CIVP.

Upon receiving the Warrant Distribution Report, the agency compares the report to the agency's documentation to determine that the transactions were posted correctly as to the fund/object/center, amount and vendor number. Also, enter the warrant number, from the Warrant Distribution Report, at the top of the receiving report copy. File the agencies' copies of the purchase order and vendor invoice.

Receiving and Acceptance

The Contract Administration Division of the Department of Administration should be contacted if a shipment is rejected, or later found to be damaged or otherwise does not comply with the purchase order specifications. A good faith dispute should be sent to the Auditor's office. Information regarding a Good Faith Dispute is found in Chapter 6 of this manual.

Some agencies have received State Board of Accounts approval of an internal receiving report, which is used in place of the orange receiver at the delivery site. The internal receiving report is used to complete the orange receiver.

Shipping receipts, packing slips, or other information furnished by the vendor should be submitted to the agency accounting department with the receiving report. This is retained with the agency purchase order or payment file.

The date the items are actually received must be posted to the orange receiver and any internal receiving report.

Agency Approval Procedures

To approve the matched payment, the agency may compare the shipping receipt, work order, or packing slip to the items and quantities listed on the agency receiving report. Also, compare to an internal agency receiving report if used. For partial payments, compare the receiving report to previous and pending payments. Match the receiving report to the agency purchase order copy. A quantity increase in excess of 10% on the purchase order requires an Advice of Change.

REPORT OF PARTIAL DELIVERY

Purpose and Basis

The Report of Partial Delivery, State Form 12537, is the agency's receiving report used to authorize a matched payment and retain the remaining purchase order balance. The report is commonly used for monthly matched payments of lease and maintenance agreements. It may also be used to process any partial payment of the purchase order for delivered goods or services. Upon receipt of the final delivery on a purchase order, or the final month of an annual purchase order, the orange receiving purchase order copy must be completed. Attach all orange copy continuation pages.

The basis for completing the report may include (but is not limited to): an accounts payable, or tickler file, for fixed monthly contract payments, internal agency receiving reports, and vendor shipping receipts or invoices. If an agency receiving report is based in part on information received from the vendor, then the agency should verify its accuracy and also verify that a payment has not already been processed.

Procedures may include:

- Compare the rates and total charges to the contract or purchase order.
- Compare the vendor work order, invoice or bill to pending payments and previous payments processed.
- Check math accuracy.

Retain a copy of all information furnished by the vendor in the purchase order file.

Instructions for Form Completion

The agency copy of the purchase order is the source for much of the form information. Complete the top portion of the form as shown on the purchase order, except for the page numbers. Determine the number for this partial delivery report by reviewing the record of partial payments on the purchase order. Enter in the box at the top left, which states "This is the _____ partial delivery reported on this order." Enter the article and description, and unit price, as listed on the purchase order or contract, the 1099 code and correct federal ID number. The article and description section of the report provides the itemization required to approve payment. Include the date received or month for which the charges apply. Enter the item count as the quantity received, or the time period for fixed monthly payments. Calculate and enter the amount for each line item received, and total the amount column. Additional pages of the report of partial delivery form may be used. Enter the total of the payment on the last page.

The report of partial delivery must be certified by the employee who received, checked, and counted the order, or who determined that the service was performed.

Next, apply agency procedures to approve payments. For partial payments, this should include comparing the partial report to previous and pending payments. The authorized signature for the agency must be on file at the Auditor of State's office. A signature stamp may be used.

Make one copy of the approved report of partial delivery. Submit the original (green) report along with the invoice from vendor to the Auditor of State for a matched payment. Retain the photocopy labeled as pending in the agency purchase order file.

PRIOR YEAR CENTERS

For centers with assigned control codes of 3 or 5, the state accounting system uses prior year centers to account for purchase orders issued in prior fiscal years. A prior year center has a one as the last digit of the center number, instead of a zero. Otherwise, the fund/center remains unchanged for the purchase order.

Transactions are reported and summarized separately for prior year centers. Each prior year center has an Agency Available Funds Activity Report issued when transactions are posted. Prior year center activity is then summarized on the Agency Appropriation and Allotment Trial Balance. Prior year centers also receive Agency Object Trial Balance and Agency Unliquidated Obligations reports each month.

The use of a prior year center does not affect the payment processing procedures utilized by the agency. The state accounting system automatically associates the purchase order to the prior year center when applicable.

AGENCY AVAILABLE FUNDS ACTIVITY REPORT

Matched Payment

For each matched payment transaction, two entries are shown on the Agency Available Funds Activity report for the fund/center. The matched payment is shown as an increase to an expenditure object. A simultaneous entry is also made to reduce the encumbrance for the purchase order. The purchase order reduction is the amount liquidated. When an order is completed by processing the orange receiver copy, the amount liquidated reduces the purchase order balance to zero.

Amounts liquidated but not expended, effectively increase the available allotment balance, unless the purchase order is now associated to a prior year center. Available allotment balances are shown on the Agency Appropriation and Allotment Trial Balance report.

EFF DATE	DOC. REF.#	AUDIT ID	ARULE	OBJECT	MISC.REF#	WN. REF.#	ALLOTMENTS	EXPENDITURES	ENCUMBRANCES
09/01/2006	RC500343	*VIA004274	BC46	700000			18.00	.00	.00
09/05/2006	RC500465	*VIE002773	BC46	700000			6.00	.00	.00
09/08/2006	RC500932	*VIH002632	BC46	700000			6.00	.00	.00
09/11/2006	RC501121	*VIK004461	BC46	700000			6.00	.00	.00
09/13/2006	RC501412	*VIM003177	BC46	700000			6.00	.00	.00
09/15/2006	RC501707	*VIO004020	BC46	700000			6.00	.00	.00
09/18/2006	RC501833	*VIR002393	BC46	700000			12.00	.00	.00
09/20/2006	RC502124	*VIT003077	BC46	700000			12.00	.00	.00
09/21/2006	RC502289	*VIU002847	BC46	700000			6.00	.00	.00
09/22/2006	RC502432	*VIV003684	BC46	700000			6.00	.00	.00
09/25/2006	RC502567	*VIY002585	BC46	700000			18.00	.00	.00
09/26/2006	RC502792	*VIZ002746	BC46	700000			12.00	.00	.00
							6.00	.00	.00
POINT TOTAL							114.00	.00	.00
09/19/2006	B-C300C70010	*VIS001141	AP01	560100		001830579	.00	770.00	.00
09/19/2006	B-C300C70010	*VIS001141	AP01	560100		001830577	.00	400.00	.00
POINT TOTAL							.00	1,170.00	.00
09/01/2006	B-C300C70008	*VIA002221	AP01	572500		001810668	.00	500.00	.00
09/01/2006	B-C300C70009	*VIA002221	AP01	572500		001810680	.00	410.39	.00
09/12/2006	B-C300C70001	*VIL001348	AP01	572500		001821112	.00	560.00	.00
09/12/2006	B-C300C70005	*VIL001348	AP01	572500		001821121	.00	848.23	.00
09/12/2006	B-C300C70005	*VIL001348	AP01	572500		001821120	.00	564.00	.00
09/26/2006	B-C300C70009	*VIZ001090	AP01	572500		001837925	.00	96.37	.00
09/26/2006	B-C300C70009	*VIZ001090	AP01	572500		001837926	.00	34.44	.00
POINT TOTAL							.00	3,013.43	.00
CENTER TOTAL							114.00	4,183.43	.00

UNLIQUIDATED OBLIGATIONS REPORT

An Unliquidated Obligations report is issued monthly on Alchemy for each fund/center with an encumbrance balance or activity during the fiscal year.

The purchase order activity is automatically reflected on the monthly Agency Unliquidated Obligations Report as an increase in the payments to date and decrease to the remaining purchase order balance. This report is a useful source of each purchase order balance as of the report date, as well as the last activity date for each purchase order. Agencies should review this report monthly. If a purchase order is no longer needed, the agency should notify the Auditor's office. The Agency Available Funds Activity Report for the last activity date may be reviewed for further information.

An example of an Agency Unliquidated Obligations report for a prior year center is shown on the next page.

REPORT ID : GL-AGUNLQ
RUN DATE 08/31/2006 20:45:11

INDIANA AUDITOR OF STATE
AGENCY UNLIQUIDATED OBLIGATIONS
AS OF 08/31/2006

AGENCY 080 ACCOUNTS, BOARD OF

FUND CENTER 1000 100801 BD OF ACCOUNTS-FIELD EXAM - P/Y3080080

POINT	PO NUMBER	LINE	OBJECT	FIRST ACT	LAST ACT	PO AMOUNT	PYMTS. TO DATE	PO BALANCE
2	06503673	0001	822200	07/14/05	08/29/06	44,400.00	43,233.44	1,166.56
POINT TOTAL						44,400.00	43,233.44	1,166.56
3	06502707	0001	834000	08/01/05	08/29/06	18,636.00	15,879.46	2,756.54
POINT TOTAL						18,636.00	15,879.46	2,756.54
CENTER TOTAL						63,036.00	59,112.90	3,923.10

USE OF CLAIM VOUCHERS

In cases where a purchase order or an encumbrance is not required, the claim voucher payment method is used.

A separate claim voucher is usually required for each payee claim. The expenses must be recorded to one fund/center and major expense category, but may be divided between objects within the same category (point). The claim voucher contains payee information of vendor number, name and address, fund/object/center entries, date, description or reference, tax code, and the agency certification. Vendor claims also require an original, itemized vendor invoice or statement.

The voucher abstract form is used to transmit claims to the Auditor of State for payment. Claim vouchers are batched by fund/center and major category and are summarized on the voucher abstract form.

In some cases, the claim voucher and voucher abstract are used to certify batch payment requests submitted by an agency on a list or printout, or on a computer disk. The majority of these payments are for refunds of revenue or point seven expenditures. Most refunds of revenue and expenditure object category seven (7) expenses do not require individual payee claims to be filed. This particularly applies to payments or distributions specified by state law, or for some federal program payments. Agency records document the basis and calculation of the payments. However, .7 expenditures do require backup documentation to support the claims. Records of payments made to each payee or contract may also be required.

Steps involved in the use of claim vouchers are summarized as follows:

- The agency verifies the vendor number record is on file for the correct vendor name and address. Form W-9 is obtained for adds or changes.
- The agency determines the two digit 1099 code.
- The agency must maintain records which document the receipt and acceptance of goods or services, as applicable.
- Claims, sorted and batched by fund/center and major expense category, are summarized on a voucher abstract.
- Warrants or remittance slips issued are returned to the agency. The agency verifies the warrants or remittance slips to their documents or records prior to mailing them. Warrants and remittance slips should be mailed within 24 hours of receipt from the Auditor of State's office.
- For contract payments, the agency must record payment history and monitor the total amount paid.

The various options for processing claim payments are presented in the next section. This is followed by: the claim voucher process, instructions for completing a claim voucher form, determining the 1099 code, agency approval procedures, other approvals required, and the voucher abstract form instructions.

OPTIONS FOR PROCESSING CLAIM PAYMENTS

The options for processing claim payments include:

- Submission of Payee Claim
- Submission of Agency Report, Listing, or Schedule
- Payment from Personal Computer Disk using Audclaim

A summary of the various options for processing claim payments is provided below. Chapter 14 provides instructions for the personal computer disk programs.

Regardless of the processing option used, the warrants or remittance advices issued are returned to the agency with a copy of the processed voucher abstract form. With the exception of high volume transactions, the warrants or remittance advices issued have a stub for payee information and are listed on the Warrant Distribution Report. A Warrant Register is issued on Alchemy for each disk batch, including high volume. The agency copy is in alphabetical order by payee name and provides the payee address, fund/object/center, amount, warrant number, and batch sequence number.

Submission of Payee Claim

Individual claim vouchers submitted for each vendor or payee are batched for each fund/center and major expense category. Each payee must have a vendor number entered in the Auditor's vendor file and an authorization for direct deposit on file with the Auditor of State. To add the vendor or change the address a form W-9 must be submitted with the claim. Statements, bills, or invoices must be submitted with a vendor claim. For contract payments, attach a copy of the signature page and executive document summary or the first page of the contract in place of the payee signature. For monthly telephone bills, the summary page is all that needs to be submitted. Agencies must keep the detail in their office for audit purposes.

Each claim transaction is listed on the Warrant Distribution Report and the Agency Available Funds Activity Report. The document reference of C # is that assigned by the agency.

Submission of Agency Report, Listing, or Schedule

The agency prepares one claim voucher for the total amount of the batch submitted with reference made to an attached listing or printout of payees. This procedure can be used when individual signatures are not required, as applicable for most refunds of revenue or expenditure object category seven (7) expenses. The batch must consist of the same fund/center and major expense category. The agency listing includes the same information as given on claim vouchers, including the payee identification numbers. Claim numbers are assigned by the agency to each payee listed. Each transaction is listed on the Warrant Distribution Report and the Agency Available Funds Activity Report.

The format of any agency report, listing, or schedule used must be approved by the State Board of Accounts prior to its use.

Payment From Personal Computer Disk – Audclaim Payment Program

The agency enters claims on a personal computer using the Auditor of State Audclaim Payment Program. The disk may contain entries for various agency fund/centers and major expense categories. Payee identification numbers are required. Supporting documents are submitted with the disk, printout, and cover sheet for Auditor of State pre-audit. The same requirements for vendor claim, signatures, and other agency approvals apply whether filed manually or using this program. The program is used to process either 1099 reportable or non-reportable claims, travel vouchers, land acquisition claims, or non-1099 reportable SDO reimbursement vouchers.

In place of a "C" number for claims processed on this disk program, the disk batch and record number becomes the document reference. The Agency Available Funds Activity Report references the disk batch and provides the object detail posted for each record. For each warrant issued, the total amount is given on the Warrant Distribution printout with the complete document reference of batch and record number. The agency also receives a Warrant Register issued on Alchemy.

CLAIM VOUCHER PROCESS

The agency first determines that a claim payment is due. For vendor claims, the process usually begins when an itemized invoice, bill, or statement is received for goods or services not requiring a purchase order. Agencies may require staff to indicate that the goods or services were received. For contract payments, the agency must monitor the total amount paid and determine compliance with applicable contract provisions. Other types of claim payments are established from agency records which contain determinations or another basis for the claim payment.

After determining that the claim payment is due, use the following process to pay the claim. This process is for submission of a claim for manual entry. The procedures for submission using the Audclaim system are slightly different. Refer to Chapter 14: Payments from Computer Media for more information.

1. Complete the claim voucher form. Classify the expense as to fund/object/center. The payment must be recorded to one fund/center and major expense category. Specify amounts to be recorded to detail objects within the category.
2. Determine the 1099 reporting code. Claim vouchers must contain the two digit 1099 code(s). The code NO indicates the entry is not 1099 reportable. Claims may not have a different 1099 code. Also reportable and non-reportable claims may not be paid together on the same claim. Payments made through the Audclaim process may have multiple 1099 codes. See Chapter 14.
3. Verify, or determine the vendor number, including the location code. Review the online vendor file. Determine that the name and address are correct for the payee. If a vendor number is not listed for the payee, or the address is incorrect, then have the vendor submit a signed form W-9. Submit any required forms W-9 with the claims. Also, determine that the vendor has an authorization for direct deposit on file with the Auditor of State's office.
4. Apply Agency Approval Procedures. Approve the claim by authorized agency signature or signature stamp.
5. Batch claims by fund/center and major expense category. Warrants or electronic transfers are issued in vendor number order for each voucher abstract batch. Within each batch, sort claims by vendor number, to have the voucher abstract list and claim number order match the warrant number order.
6. Assign claim document numbers from a consecutive, numeric series, as C###XXXXXX; where "C" indicates claim payment, ### is the agency number, and XXXXX is the document number. The agency can maintain different series of claim numbers to correspond to agency files.
7. Complete a voucher abstract form for the batch.
8. Make one copy of the claim vouchers and vendor statements, invoices, or bills. Be sure that claim numbers were assigned and the claim is approved prior to photocopying. Make two copies of the voucher abstract.

Place the original claims in document number order, with original vendor invoices or bills behind each. Put the original and one copy of the voucher abstract on top of the batch. Organize a photocopy batch in the same manner.

9. Submit the original voucher abstract batch to the Auditor of State for processing.
10. Retain the batch photocopy in an agency pending file.

CLAIM VOUCHER FORM INSTRUCTIONS

Complete the claim voucher legibly in ink, or type. Follow the claim voucher process specified in the preceding section. The numbers here correspond to the numbers shown on the claim voucher example on page 5:18.

1. Vendor Information

The document number and date assigned are placed on the first line of this section. The agency assigns the document number after approving the payment and sorting the voucher abstract batch. Do not photocopy the claim until it has been approved and the document number is assigned.

Four lines are provided for vendor information. Each line may have up to thirty characters.

2. Agency Information

Enter the agency name, the three digit agency number, and the vendor's social security number, or federal identification number, preceded by a zero. Also, enter the two digit group code to identify the exact vendor location for payment. Verify, or obtain the complete vendor number by online inquiry to the Auditor's vendor file. Enter the appropriate 1099 code in the boxes provided. When you have a 2 party payment, as in the case of settlements, you need to enter a code for each party. The 1099 code is NOT to be put in the description box. Also enter the name and phone number of the person that prepared the claim voucher in the box in the top right corner.

3. Date

Enter the date of the transaction, or the month and year to which the payment applies.

4. Amount

Enter the total amount of the object for each line. Omit dollar signs.

5. Fund

Enter the four digit fund number on each line which has an object amount listed. The claim voucher must be recorded to one fund/center.

6. Object

Enter the six digit object number for each line. The objects must have the same major expense category. For example, the claim cannot have an entry to object 530100 with 540100.

7. Center

Enter the six digit center number on each line which has an object amount listed. The claim voucher must be recorded to one fund/center.

8. Loan/Inv/Nbr

This box only applies to investment purchases or loans issued.

9. Qty and Unit

Enter the quantity and unit price when necessary to fully itemize the claim. These are not required when an itemization or statement is attached and referenced in the description column.

10. Description

More than one line can be used to enter an item or payment description. Include necessary references, as applicable: vendor invoice number; contract number; agency file or record number; program name. Also, it is required to include the service date for the payment. The service date is the actual day the state incurred the liability. For a purchase, the service date is the date you received the goods, not the date you were invoiced for the goods. For a service, the service date is the actual date the service was performed. If the service was performed over a period of time, the service date is the last date in that period that is being paid.

11. Gross Amount

This is the total amount of the claim voucher. It must equal the sum of the amount column. The warrant or electronic transfer is issued for this amount.

12. Furnished To: (Name of State Agency)

Enter the agency or department name which goods or services were furnished to, if applicable.

13. Authorized Signature of State Agency

The claim is certified and approved for payment by the authorized agency official's signature or signature stamp. The signature must be on file at the Auditor of State's office.

14. Signature of Vendor

Vendor's signature is required only when there is not an itemized invoice being submitted for payment.

AGENCY APPROVAL PROCEDURES

Agency approval procedures are those necessary to determine a correct, valid, and proper charge in order to certify the claim voucher. An authorized agency official must certify that the claim voucher is correct, valid, and a proper charge against the state agency, fund and center indicated. The official may designate a responsible employee to perform this function and certify the claims with a signature stamp. Apply the following procedures to approve and certify claim vouchers.

1. Require the original, completed claim voucher, with original invoices, bills, or statements for vendor claims. Stamp the vendors' invoices, bills, or statements with the date they were received.
2. Review supporting documents or records for the claim. Compare claim to supporting documentation or basis for payment. Determine that claim amount equals the amount given on the supporting documents or records. Determine that any references to agency records, such as contract or file numbers, are listed on the claim as necessary.
3. Determine that the claim is fully itemized. Information necessary to sufficiently itemize claims varies from listing the program name and period for a grant distribution, to providing unit cost or rates, quantity, item description and dates for each item or service received. The state claim voucher may refer to an attached vendor invoice for this detail. If the vendor's invoice further references vendor-issued documents, such as: work orders, shipping receipts, schedules, accounts, or order numbers, these must also be attached. If a contract payment, ensure a copy of the contract signature page is attached to the claim voucher.

Approve only the current portion of the vendor invoice. Prior balances require the prior itemized statement. Usually, these prior balances have already been submitted for payments.

4. Determine that the cost is reasonable and necessary for the agency and fund/center. It must also be allowable under state law and net of all applicable credits. Credits are associated expense reductions, such as: returns, exchanges, purchase discounts, rebates, and adjustments of overpayments or erroneous charges.
5. Determine that all necessary control procedures have been applied to each claim. The agency must apply control procedures to ensure properly authorized and accurate transactions. The following basic expenditure payment procedures should be performed by the agency. These are not inclusive of all procedures an agency may require, particularly those specific to statutory or program payments.

Basic expenditure payment procedures:

- Check math accuracy.
- Determine receipt, quality acceptance of goods or services.
- Compare rates, total charge to terms of the contract or agreement.
- Compare vendor claim to previous payment documents processed to determine payment is not pending.
- Check record of total payments to the maximum amount authorized.
- Verify the vendor number is correct and complete, including location code.
- Determine the claim is net of all applicable credits.
- Determine that the expenditure is reasonable and necessary for the agency and is a proper charge to a specific fund/object/center.

RECOMMENDED CONTROLS FOR CLAIM PAYMENTS

Blank claim vouchers are never to be signed prior to the preparation of the claim voucher. Signature stamps for those authorized to certify claims or approve matched payments should be safeguarded. Do not photocopy claim vouchers prior to preparing the voucher abstract batch, approving the claim, and assigning the document numbers.

Most agencies have sufficient staff to provide an adequate segregation of duties between preparing claims, authorizing claims, and verifying or handling warrants.

Warrants and remittance advices should be verified and mailed without allowing them to return to the staff that prepared claims or approved the transaction for payment. Verify warrants in a timely manner and retain in a secure manner until mailed.

AGENCY PROCESS UPON RECEIVING WARRANTS

The warrants or remittance advices issued for claim voucher payments are received by the agency with the completed voucher abstracts, a Warrant Distribution Report, and other documents processed that day. Prior to distributing the warrants or remittance advices, determine that all required warrants and documents processed were received, and verify that warrants or electronic transfers are accurate.

To determine required documents were received, follow the procedures given in the section for the Warrant Distribution Report.

To verify that warrants or electronic transfers issued for claim voucher payments are accurate, compare them to the agency copy of the claim vouchers. It is important to verify that the disbursement was issued to the correct payee name, address, and for the correct amount. The claim voucher provides the record of this information. Verify documents for the entire abstract batch prior to mailing or distributing them. If individual claim vouchers were not prepared, then compare the warrants/remittance advices to the agency report submitted or other source documents. Place a checkmark or initials on the claim voucher, report, or other source documents to indicate the disbursement was verified as accurate. The agency may require staff to certify that warrants/remittance advices were received and verified to agency copies of source documents prior to mailing.

Attach the processed voucher abstract form, as returned by the Auditor with the control number and date entered, to the agency copy of claims for the batch. The Agency Available Funds Activity Report is available on Alchemy the same day as the warrants are distributed. After the reported expenditures are verified, file the batch numerically by the claim number series.

See the Error Handling Process section for steps to follow when the warrant or electronic transfer is issued to an incorrect name, amount, address, or when the fund/object/center or document reference was incorrectly recorded.

LATE PAYMENT PENALTY

Indiana Code 5-17-5 requires every state agency to pay a late payment penalty at a rate of one percent (1%) per month on amounts due on written contracts for public works, personal services, goods and services, equipment, and travel whenever the state agency or political subdivision fails to make timely payment. Except for certain exceptions, payment is timely if a check or warrant is mailed or delivered on the date specified for the amount specified in the applicable contract documents, or, if no date is specified, within thirty-five (35) days of receipt of goods and services or receipt of a properly completed claim.

Exceptions include:

- (1) Interagency or intergovernmental transactions.
- (2) Amounts payable to employees or prospective employees of state agencies.
- (3) Claims subject to a good faith dispute, if before the date of timely payment notice of the dispute is sent by certified mail, personally delivered; or sent in accordance with the procedure in the contract.
- (4) Contracts entered into before September 1, 1983.
- (5) Certain contracts related to highway or road construction, reconstruction, or maintenance.
- (6) Claims, contracts, or projects that are to be paid for exclusively with federal funds.

Good faith dispute means a contention by the state that goods delivered or services rendered were of less quantity or quality than ordered or specified by contract, faulty, were installed improperly, or any other reason giving cause for the withholding of payment by the state until such dispute is settled.

The Auditor of State is required to pay a late payment penalty on behalf of any state agency required to pay late payment penalties under this statute. The Auditor is to pay the penalties from funds designated for administrative costs of the agency. The Auditor is to prepare a list that identifies each state agency that has paid, or on whose behalf the Auditor of State has paid, a late payment penalty under this statute and the sum paid by the agency or by the Auditor of State on behalf of the agency during the preceding year. The Auditor shall submit the list to the Governor; and the Budget Agency before August 1 of each year.

For the Auditor to properly calculate the late payment penalty or not pay it when there is a good faith dispute, state agencies must complete the Invoice Information section of the orange copy of the purchase order. The vendor's invoice, bill, or statements are to be stamped with the date received. The orange copy of the purchase order (receiving copy) is to be dated the date the items are actually received.

VENDOR FILE

A vendor file is maintained as part of the state accounting system. The vendor file includes vendor number records with associated names and addresses. This computer file is the source for the name and address printed on warrants issued for claims and matched payments. The Auditor of State uses the vendor's federal identification number, if any, or social security number as the vendor number. Local governmental units, such as counties and schools, have an assigned distribution number maintained in the vendor file. Distribution numbers are used by some agencies as the vendor number for payments to local governmental units.

The vendor file provides a means to extract a record of payments to each individual, business, or governmental unit. This system is also used to issue IRS form 1099 reports when required.

For matched payments, no agency action is required pertaining to the vendor number. The Department of Administration obtains the vendor number for Auditor of State input and subsequent maintenance.

For claims and all other payment methods which use a vendor number, the agency must perform the following procedures:

- Determine that the payee name and address (location to receive payment) is recorded in the vendor file.
- Extract the vendor number, including the location code, or obtain the vendor number by requiring the vendor to complete form W-9.
- Subsequently, monitor the vendor address for changes. If the change has not been recorded on the vendor record, then file vendor address changes with form W-9.

It is very important to use the correct vendor number for payments. The Auditor of State provides online access to the vendor file. These records can be searched using numeric or alphabetical order. To change the vendor file, or add new vendor information, the agency must submit a form W-9 signed by the vendor. This may be submitted prior to, or together with, the claim.

Vendor Number

The format for the vendor number is ten digits, followed by a two digit group code. The vendor number is the payee's social security number, or federal identification number, preceded by a zero. When a group code is used, a separate payee record is identified. In most cases, the vendor number with a group code has the same payee name, but a different address. However, some businesses have a different payee name and address for each group code listed. Thus, it is very important to verify that the correct vendor number, including location code, is listed on claims or payment reports.

Distribution Number

Agencies may use the distribution number to pay local governmental units with the approval of the Auditor of State's office. Use of the distribution number will result in an automated clearing house payment (ACH), if the unit had requested such payments from the Auditor of State.

Distribution numbers for payments to local government units are shown as DIST##XXXX. DIST indicates a distribution, followed by the county number, ##, and the unit number assigned by the Auditor of State, XXXX. County numbers, 1 to 92, are associated to an alphabetical list of Indiana counties. Counties have the unit number of 0000. Other government units, such as cities, towns, schools and townships, are assigned their own unit number. All units are identified by their county location.

For each distribution number, a payee name and address is maintained in the computer vendor file. A two digit alphanumeric field is also provided for a group code. For distribution numbers, the group code identifies specific programs administered by the Auditor of State or the Department of Education. Do not utilize these codes unless authorized.

Distribution numbers are included in the online vendor file inquiry or microfiche reports. The number can be found on the alphabetical vendor list under the unit name or in the numeric list if the county location is known.

Vendor Inquiry Through the ISD Network

Vendor inquiry can be done through the state's computer system. At the "State Map" screen enter CICS AUDP. The system recognizes this command as a request to get to the Auditor's production systems. You then enter your User ID and Password assigned by the Auditor's Office. Contact the Auditor's Office MIS Help Desk (3-3390) for your User ID, Password, and instructions.

FORM W-9, TAXPAYER IDENTIFICATION NUMBER

Form W-9, Request for Taxpayer Identification Number and Certification, is used by the State of Indiana to obtain correct identification numbers and addresses. It is used for the vendor number, whether or not a tax form (1099) is to be issued.

Instruct the vendor to complete the address and identification number including location code where payment is to be remitted. The certification signature is required. Also, enter or request the vendor's phone number on the top of the form.

Use form W-9 to change vendor address or add new vendor information. Submit form W-9, signed by the vendor, to the Auditor of State's office prior to, or together with, the claim for payment.

A blank form W-9 can be obtained through the Auditor's website at www.in.gov/auditor.

1099 TRANSACTIONS

Determining the 1099 Code

The State of Indiana, like businesses, is mandated by federal law to report certain types of payments to the Internal Revenue Service. A 1099 is a federal tax form used to report to the vendor and the Internal Revenue Service the total amount paid for each reportable classification. The Auditor of State issues the 1099 reports based upon coded entries from expenditure documents. Each agency must determine the 1099 reportability of claim voucher payments and special disbursing officer reimbursement vouchers.

Not all vendors or payees require a 1099 form. Also, not all monies paid to a vendor are 1099 reportable. All claim vouchers, however, must contain the two digit 1099 code(s). The code NO indicates the entry is not 1099 reportable.

To require a 1099 report, two conditions must be met. First, the type of vendor or payee requires a 1099 report. Second, the type of transaction requires a 1099 report. The Auditor of State's accounting system classifies vendors as either 1099 reportable or non 1099 reportable. Therefore, it is only necessary for the agencies to determine whether the transaction type is 1099 reportable. If the transaction is reportable, enter the appropriate code in the box provided on the claim voucher. If the transaction is not reportable, enter a code of NO in the box.

IDENTIFYING 1099 EXPENDITURES

Review the list of various types of 1099 forms to determine whether the type of transaction is reportable.

The following types of transactions are taken from the various types of 1099 forms.

Unemployment Compensation

State Income Tax Refunds

Local Income Tax Refunds

Agricultural Payments

- a. Subsidies
- b. Payments for confiscated animals or crops.

Medical Services

- a. Medical and Dental Services
- b. Hospitalization
- c. Medical Assistance Benefits
- d. All Payments to Medical Services Corporation

Prizes and Awards (Not compensation for services) - Consult Auditor's office for taxability.

- a. Premiums
- b. Awards
- c. Prizes
- d. Honoraria

Non-Employee Compensation for

- a. Occasional Salaries Payments
- b. Professional Services Payments

- Advertising
- Appraisal
- Architectural
- Auditing
- Computer Programming
- Consultant
- Engineering
- Legal
- Program Administration
- Other
- Maintenance and Repairs
 - Building
 - Computers
 - Grounds
 - Office Machines
 - Vehicles
 - Other Equipment
- Law Enforcement and Court Services
 - Court Reporters
 - Court Appointed Workers
 - Expert Witnesses
 - Prison Labor Allowance
 - Non-Employee Allowance
- Other Service
 - Advertisement
 - Armored Car
 - Cleaning
 - Construction
 - Key punch
 - Janitorial
 - Laundry
 - Messenger and Courier
 - Printing
 - Refuse Collection
 - Security
- Expense Allowance (Not itemized reimbursement)
 - Elected Officials Expense
 - Non-Employee Travel Expense
 - Per Diems
- Rent (Except paid to Real Estate Brokerages)
 - Real Property
 - Other Property
- Interest (Except for tax-exempt obligations)
 - Prompt Payment Related
 - Paid as Financial Institution
- Distributions from Retirement Plans
- Acquisitions of Secured Property
 - Acquisition by default, foreclosure, etc. on loan
 - Abandonment of property securing loan
- Transfer of Real Estate
- Settlement Payments (paid to attorneys or legal firms when the legal service fee portion cannot be determined)

1099 Code Identifiers

A 1099 code identifier is two alphanumeric characters used to tie a specific type of 1099 transaction to an invoice line.

Below is the listing of the 1099 code indicators in the Auditor of State's DBS system. Examples of vendor transactions with the 1099 code and the reason for its use are given. Also see the Examples Table for additional examples of each 1099 code.

<u>1099 Code Identifier</u>	<u>Description</u>
GP	Unemployment Compensation State and Local Tax Refunds Agricultural Payments Taxable Grants
LA	Proceeds From Real Estate Sales Acquisition of Secured Property Transfers of Real Estate
MH	Medical and Health Care
NC	Nonemployee Compensation
NO	Not Reportable
PA	Prizes and Awards
RE	Rents
RP	Distributions From Pension, Annuities, Retirements, or Insurance Contracts.
SP	Settlement Payments - to attorneys and legal firms when legal service fee portion cannot be determined

1099 EXAMPLES TABLE

<u>1099 Expenditure Types</u>	<u>Examples</u>	<u>1099 Code Indicator</u>
Unemployment Compensation	State of Indiana pays Joe Cup 200.00 a month for being laid off from the Leesville Dairy.	GP
State and Local Tax Refunds	Bob James deducted taxes paid to State of Indiana on his federal tax return for 1996.	GP
	He receives a refund from the State of Indiana for 200.00.	GP
Agricultural Payments	State of Indiana pays Mike Hoot - Farmer for crop rotation.	GP
	State of Indiana confiscates Merrill Hole's sheep and pays Mr. Hole market value for the sheep at the time of confiscation.	GP
Medical Services	Dr. John Smith performs a minor surgical procedure on a state mental patient. He bills the state for his services.	MH
	A prisoner from the Putnamville Correctional Facility is hospitalized with an ear infection at Methodist Hospital.	
	The hospital bills the state for the prisoner's treatment.	MH
Prizes and Awards	Bob Beck wins 500.00 on the Hoosier Lottery.	
	The Lottery will send him a 1099 Misc.	PA
	The State of Indiana pays author Hugh Babcock for prison system reform.	PA
	Jerry Snow, an employee of the Dexter Corporation, receives an award from the State of Indiana for the top commission salesperson in the state.	PA
Nonemployee Compensation	A state agency pays the legal firm of Boy, Boy, and Girl, Girl for fees incurred in the defense of patent infringement suit.	NC
	A state agency pays a car body shop for the repair of one of its state vans.	NC
	The State of Indiana pays Dr. Whinney Label, an expert in forensic medicine for travel expenses incurred while traveling to court on behalf of the state.	NC
	The Treasurer of State pays Gary Whyme for transportation of money to Bank Two.	NC

1099 EXAMPLES TABLE

(Continued)

<u>1099 Expenditure Types</u>	<u>Examples</u>	<u>1099 Code Indicator</u>
Distribution From Retirement Plans	Phil Beckley quits his job with the State Police. He requests the total amount in his PERF account be sent to him.	RP
Transfer of Real Estate	The State of Indiana buys Tom Yoyo's house to tear it down for new highway construction. The city of North Vernon condemns the home of Mayor Stone and agrees to purchase it.	LA LA
Settlement Payments	Total settlement payments to attorneys, legal services partnerships, LLCs and corporations where the legal services fee cannot be determined.	SP

INSTRUCTIONS FOR COMPLETING THE VOUCHER ABSTRACT

The voucher abstract is used to transmit batches of claim or travel vouchers to the Auditor. Prepare a voucher abstract for each fund/center and major expense category (point) for which the agency has approved vouchers for payment. Complete the form legibly in ink or type.

(The numbers here correspond to the numbers on the sample voucher abstract on page 5:29.)

1. Signatures for Approval

This box is for Administration and Budget use only, when such approval is required. If the document does not require it, this space should be left blank.

NOTE: If copies of prior approvals are included for all vouchers in the batch, then enter "see attached" in the appropriate box. For claims, prior approval may be a copy of the contract signature page. Out-of-state travel vouchers require Authorization forms.

2. Document Numbers

Each agency is responsible for assigning document numbers to each claim or travel voucher attached to the abstract. The document number format is explained in the sections on completing the claim voucher and travel voucher.

Assign numbers consecutively from the appropriate C or T sequence. Enter the document numbers for the first and last voucher attached to the abstract as the starting and ending numbers. If there is only one claim or travel voucher attached, the starting and ending number is the same.

In the date box, enter the date the voucher abstract is prepared.

3. Agency Fill In

a. Fund/Object/Center

Enter the Fund/Object/Center for the voucher abstract entries. If this abstract contains more than one object, then write or type "see below" where the object would go.

Example: 3000/see below/100500

b. Agency Name

c. Agency Number

Enter the three digit agency number.

4. Agency Leave Blank

Control Group Number

The Auditor's office will assign a four digit control group number to each voucher abstract. The control number is given on the duplicate abstract returned to the agency.

5. Payee

List the name of each person or vendor as shown on each claim or travel voucher in the batch. List payees in document number order.

6. Amount

Enter the total amount of each payee voucher. If more than one voucher is included on the abstract, then place a line under the last payee amount listed. Add the column and enter the grand total of the voucher abstract.



VOUCHER ABSTRACT -- FORM A-3
State Form 22933 (R 3/1-96)
Approved by State Board of Accounts, 1996.

AGENCY NOTICE: Use this form as a covering transmittal for vouchers chargeable.
Send two copies to the Auditor of the State of Indiana.

2 DOCUMENT NUMBERS
Starting Number
Ending Number
Date (Month, Day, Year)

SIGNATURES FOR APPROVAL 1	
Department of Administration Signature	
Date Received (Mo., Day, Yr.)	Date Approved (Mo., Day, Yr.)
Budget agency Signature	
Date Received (Mo., Day, Yr.)	Date Approved (Mo., Day, Yr.)

3 AGENCY FILL IN
Fund / Object / Center
Agency Name
Agency Number

4 AGENCY LEAVE BLANK
Control Group Number

PAYEE (Double space, use reverse side if necessary)	AMOUNT
5	6
TOTAL:	

WARRANT DISTRIBUTION REPORT

Description

The Warrant Distribution Report is the printout given to each agency with warrants and processed document copies. Use the Warrant Distribution Report to determine that all required documents have been received by the agency. Recommended procedures to determine this are given following the report example. The Warrant Distribution Report also contains information concerning warrants issued which is not provided on the activity reports, such as control numbers and payee vendor numbers.

The Warrant Distribution Report is produced from the accounts payable subsystem. Therefore, it does not include payroll warrants or warrants issued for high volume batches [HV]. Other reports are produced which list those warrants.

The Warrant Distribution Report is produced daily for each agency with activity. The report is issued in warrant number order. The warrant number order is organized by payment type, which is referred to as the pay entity code. Most types of payments are also sorted by fund/object/center and vendor number. For disk batches, warrants are issued in the order submitted by the agency.

This report is not to be used to verify the object entry. The Warrant Distribution Report provides the total amount paid and lists the first object recorded for the payment. When the payment is for more than one object, the detail of amounts recorded to each object is not shown. Verify general ledger entries as reported on activity reports.

Report Information Defined

The following explains each heading or column title on the Warrant Distribution Report. An example of the report is given.

1. REPORT ID: APAGYWRP This identifies the source application system, and the type of report, as follows:

AP	=	Accounts Payable Source System
AGYWRP	=	Agency Warrant Report

2. RUN DATE This is the date and time the job was run to extract this report. The time is displayed in military format.
3. REPORT TITLE Identifies the source of the report as the Auditor of State of Indiana, and the name of the report, Warrant Distribution by Agency.
4. PAGE NUMBER All reports issued that day are numbered consecutively.
5. DOC/DIST AGENCY The agency number as entered for the document and the distribution agency number for the fund/center. These should always contain your agency number(s).

6. **CNTL Control Number** The Auditor's office assigns a four digit control number to each batch of payments processed. This is stamped onto the processed document copies returned to the agency. The first digit of the control number indicates the type of document or method processed, as:
- 1 = Travel Vouchers
 - 2 = Claim Vouchers
 - 3 = Matched Payments
 - 4 = SDO Reimbursements, or DIST Payments to Local Governmental Units
 - 6 = Land Acquisition Claims
 - 7 = Diskette Payments
 - 8 = 8000 to 8200 Payments processed from personal computer disk vendor payment program.
 - 8201 to 8999 Payments for TAPE pay entity code.
 - 9 = High Volume Payments
7. **WARRANT NUMBER** This is an eight digit number assigned to each payment and printed on the warrant. It should equal the preprinted warrant number. Only the warrant series which begins with one are included on this report. The warrants are peach and have a stub with information for the payee. ACH numbers are also included on this report.
8. **FUND/CENTER** The fund/center to which the payment is recorded.
9. **OBJECT** The first object recorded for the payment. This report does not provide object detail for payments issued for multiple objects.
10. **PAY ENTITY** This identifies the type of document the payment is for. The definitions of each, in the order presented, are:
- CIVP = Purchase Order Payments
 - ATRA = Travel Vouchers
 - BOLP = Claim Vouchers
 - DSDO = SDO Reimbursements and Advances
 - ESDO = Local Units of Government, paid by Distributional Numbers
 - LAND = Land Acquisition Claims
 - TAPE = Magnetic Tape Payments, Using Auditor's Vendor File
11. **VENDOR NUMBER** This is the vendor file record used to make payment. Location codes, when used, are also reported.
12. **INVOICE NUMBER** This is the document reference, including the tape or disk record number, as applicable.
13. **P.O. NUMBER** The purchase order number is reported for matched payments.
14. **AMOUNT** This is the total amount of the warrant. The grand total of all warrants listed for the agency is given at the end of the report.

Procedures upon Receiving the Warrant Distribution Report

The primary purpose of the Warrant Distribution Report is for the agency to determine that all required warrants and documents were received. Necessary procedures are explained below.

Compare the beginning and ending warrant numbers received to those listed on the Warrant Distribution Report after the matched payments of purchase orders [CIVP pay entity]. Warrants issued for matched payments are mailed directly by the Auditor of State's Office. Next, review the warrants received to observe that the warrant number sequence is intact.

Perform a cursory review of the distribution agency number column. If any incorrect agency numbers are listed, review the document and fund/center entry further.

Determine that all required processed document copies were returned to the agency. Compare that a voucher abstract was returned for each different control number for pay entity codes ATRA, BOLP, ESDO, and TAPE. An SDO reimbursement voucher should have been returned for each DSDO pay entity code. Additional reports and documents are returned for payments issued from an agency's computer disk. For these see Chapter 14. For each matched payment, compare the purchase order number and payment amount per the agencies' copies and the report. Enter the warrant number at the top of the agency receiver copy, and place a checkmark next to the purchase order number on the report.

File the Warrant Distribution Report in chronological order in a report binder.

Prior to mailing or distributing the warrants, verify accuracy of the payee name, address, and warrant amount by comparing to the source documents, such as the claim or travel voucher.

ERROR HANDLING PROCESS

Incorrect Name or Amount on Warrant

When the payee's name or the amount is incorrect on the warrant issued, deface the warrant by writing "VOID" in large letters. Send the warrant back to the Auditor's office with a copy of the original claim voucher and the voucher abstract. (See "Accounting for Returned Warrants" in Chapter 3 of this manual for instructions.) The Auditor's office performs procedures to void the warrant on the accounting system and re-issue a corrected warrant. The re-issued warrant has a different warrant number, but retains the same document reference. The re-issued warrant is listed on the Warrant Distribution Report and returned to the agency for distribution.

The Agency Available Funds Activity Report will show the document reversal and re-entry. The Auditor's office enters the correction directly to all affected source systems, such as: vendor file, reconciliation file, and the accounts payable file.

Incorrect Address on Warrant

The warrant should not be re-issued only for an address difference. The agency should mail to the address indicated by the payee. This situation requires a follow-up contact with the payee and the vendor file inquiry. To change the vendor address on the Auditor's system, have the vendor submit a form W-9.

Incorrect Document Reference Entered

Occasionally, the Auditor's office may type an incorrect document reference for an item. If no other error is discovered for the transaction, and it belongs to the fund/object/center to which it was posted, then post the document reference as recorded in the Auditor's system to the document and applicable agency records. The system does not have a method to change document references entered.

Error in Fund/Object/Center Recorded

Correct errors of this type by journal voucher.

Receiving Another Agency's Documents

Warrants and documents which do not belong to your agency should be returned to the Auditor of State's office. Be sure to determine that they were not incorrectly charged to your agency.

LOST OR FORGED WARRANTS

If an Auditor of State's warrant has been lost, stolen, or suspected of being forged, contact the Auditor of State's office. Inform them of the warrant number and warrant type (payroll, accounts payable, miscellaneous). The Auditor's office will then determine if the warrant has been paid.

If the warrant has been paid, the matter is turned over to the Treasurer of State's office and treated as a forgery. If the warrant has not been paid, the Auditor's office will send to the claimant an affidavit. When this affidavit has been returned, the Auditor's office will again determine if the warrant has been paid. If the warrant has not been paid, a replacement warrant is prepared.

Warrants suspected of being forged are followed up by the Treasurer of State's office. The Treasurer's office will make a copy of the warrant and send it along with an affidavit to the claimant. If the claimant still maintains the endorsement is not his or hers, the affidavit is signed, notarized, and returned to the Treasurer's office. The Treasurer will send the affidavit to the bank which cleared the warrant and recover the funds. The recovered funds are deposited into a Treasurer of State clearing account and a new warrant is issued to the claimant from this account.

If a payroll warrant is lost and the individual is still employed by the state, the Auditor's office will consider issuing a replacement check prior to the end of the thirty day waiting period normally required for lost warrants.

AGENCY AVAILABLE FUNDS ACTIVITY REPORT

Description

The Agency Available Funds Activity report is produced on Alchemy for each date with allotment, expenditure, or encumbrance transactions for the fund/center. It is available on the same day as the warrants are distributed. The activity report is issued from the general ledger and is to be reviewed and verified by the agency. An example is shown on page 5:36.

The totals provided on an activity report are of listed transactions only. The "POINT TOTAL" is the total of the major object category, which is shown as the second digit of the object. The "CENTER TOTAL" is the grand total of each column for the activity dates reported.

Verification of Expenditures

Compare the expenditure point total to the total amount of the batch documents on hand, which were processed that day for the center and expenditure category. Use the total amounts of applicable voucher abstracts, matched payments, SDO reimbursement vouchers, and interdepartment bills. For point one, verify payroll entries separately (PR document reference). Determine that the documents belong to the fund/center to which they are posted. Inquire of any expenditure recorded for which the agency has no documentation. Review transaction detail if a difference exists between the reported point total and the total of the processed batch documents.

REPORT ID : GM-AGAFDE
RUN DATE 09/29/2006 20:27:50

INDIANA AUDITOR OF STATE
AGENCY AVAILABLE FUNDS ACTIVITY
09/01/2006 THRU 09/30/2006

PAGE 1

AGENCY 300 NATURAL RESOURCES, DEPT. OF

FUND CENTER 6000 134200 GAME BIRD HABITAT REST FUND 6300300F

EFF DATE	DOC. REF.#	AUDIT ID	ARULE	OBJECT	MISC.REF#	WN. REF.#	ALLOTMENTS	EXPENDITURES	ENCUMBRANCES
09/01/2006	RC500343	*VIA004274	BC46	700000			18.00	.00	.00
09/05/2006	RC500465	*VIE002773	BC46	700000			6.00	.00	.00
09/08/2006	RC500932	*VIH002632	BC46	700000			6.00	.00	.00
09/11/2006	RC501121	*VIK004461	BC46	700000			6.00	.00	.00
09/13/2006	RC501412	*VIM003177	BC46	700000			6.00	.00	.00
09/15/2006	RC501707	*VIO004020	BC46	700000			12.00	.00	.00
09/18/2006	RC501833	*VIR002393	BC46	700000			12.00	.00	.00
09/20/2006	RC502124	*VIT003077	BC46	700000			6.00	.00	.00
09/21/2006	RC502289	*VIU002847	BC46	700000			6.00	.00	.00
09/22/2006	RC502432	*VIV003684	BC46	700000			18.00	.00	.00
09/25/2006	RC502567	*VIY002585	BC46	700000			12.00	.00	.00
09/26/2006	RC502792	*VIZ002746	BC46	700000			6.00	.00	.00
POINT TOTAL							114.00	.00	.00
09/19/2006	B-C300C70010	*VIS001141	AP01	560100		001830579	.00	770.00	.00
09/19/2006	B-C300C70010	*VIS001141	AP01	560100		001830577	.00	400.00	.00
POINT TOTAL							.00	1,170.00	.00
09/01/2006	B-C300C70008	*VIA002221	AP01	572500		001810668	.00	500.00	.00
09/01/2006	B-C300C70009	*VIA002221	AP01	572500		001810680	.00	410.39	.00
09/12/2006	B-C300C70001	*VIL001348	AP01	572500		001821112	.00	560.00	.00
09/12/2006	B-C300C70005	*VIL001348	AP01	572500		001821121	.00	848.23	.00
09/12/2006	B-C300C70005	*VIL001348	AP01	572500		001821120	.00	564.00	.00
09/26/2006	B-C300C70009	*VIZ001090	AP01	572500		001837925	.00	96.37	.00
09/26/2006	B-C300C70009	*VIZ001090	AP01	572500		001837926	.00	34.44	.00
POINT TOTAL							.00	3,013.43	.00
CENTER TOTAL							114.00	4,183.43	.00

AGENCY APPROPRIATION AND ALLOTMENT TRIAL BALANCE REPORT

This daily report gives year-to-date center and agency grand totals for appropriations, appropriation balance, allotments, expenditures, encumbrances, and the allotment balance. If the center has been designated with a control number of 3 or 5, then the totals are also presented for each object category.

The Agency Appropriation and Allotment Trial Balance report functions as a summary of the accumulation of transactions reported on the Agency Appropriation Activity and Agency Available Funds Activity reports.

See Chapter 2 for an explanation of report headings and columns.

An example is provided on the next page.

REPORT ID : GL-AGAATB
RUN DATE 09/29/2006 18:59:24

INDIANA AUDITOR OF STATE
AGENCY APPROPRIATION & ALLOTMENT TRIAL BALANCE
AS OF 09/30/2006

PAGE 1

AGENCY 062 PUBLIC RECORDS COMMISSION

AGY	FUND	CENTER	P C T T L	APPROPRIATIONS	APPR BALANCE	ALLOTMENTS	EXPENDITURES	ENCUMBRANCES	ALLOT BALANCE
062	1000	100630	1	1,329,301.00	1,010,269.00	319,032.00	266,933.06	.00	52,098.94
062	1000	100630	2	156,364.00	92,605.00	3,750.00	2,281.51	.00	1,468.49
062	1000	100630	3	.00	.00	42,600.00	16,691.06	4,849.92	21,059.02
062	1000	100630	4	.00	.00	11,177.00	9,940.53	.00	1,236.47
062	1000	100630	5	.00	.00	4,552.00	.00	.00	4,552.00
062	1000	100630	7	.00	.00	.00	5,384.50	.00	5,384.50-
062	1000	100630	8	.00	.00	480.00	173.00	.00	307.00
062	1000	100630	9	.00	.00	1,200.00	29.41	.00	1,170.59
062	1000	100630	* 3	1,485,665.00	1,102,874.00	382,791.00	301,433.07	4,849.92	76,508.01
062	1000	100631	3	.00	.00	5,135.98	.00	1,059.39	4,076.59
062	1000	100631	4	.00	.00	200.05	.00	200.05	.00
062	1000	100631	5	.00	.00	1,411.37	1,203.37	208.00	.00
062	1000	100631	* 3	.00	.00	6,747.40	1,203.37	1,467.44	4,076.59
062	1000	217330	0	132,116.91	26,612.91	.00	.00	.00	.00
062	1000	217330	1	.00	.00	15,575.00	12,337.87	.00	3,237.13
062	1000	217330	2	.00	.00	1,000.00	798.85	.00	201.15
062	1000	217330	3	.00	.00	34,203.00	20,951.22	.00	13,251.78
062	1000	217330	4	.00	.00	20,592.00	10,288.28	.00	10,303.72
062	1000	217330	5	.00	.00	34,134.00	.00	.00	34,134.00
062	1000	217330	* 5	132,116.91	26,612.91	105,504.00	44,376.22	.00	61,127.78
062	1000	217331	4	.00	.00	263.76	.00	263.76	.00
062	1000	217331	* 5	.00	.00	263.76	.00	263.76	.00
062	6000	101300	* 6	.00	.00	26.30	.00	.00	26.30
062	6000	101400	* 6	.00	.00	7.48	.00	.00	7.48
062	AGENCY TOTAL			1,617,781.91	1,129,486.91	495,339.94	347,012.66	6,581.12	141,746.16